



MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.2% Vacancy Rate	▲	▬
-424.7K YTD Net Absorption, SF	▼	▬
\$6.80 Asking Rent, PSF (Overall, Net Asking Rent)	▬	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
518.9K Rochester, NY Employment	▲	▬
3.9% Rochester, NY Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Development & Activity Across the Region

Rochester, anchored in Monroe County at the heart of the nine-county region, continues to demonstrate economic resilience, with unemployment below the national average. Significant investment in the region continues through the first half of 2026. Amazon finalized the \$7.25M purchase of 84.6 acres at Shepard Road in Ogden, where it plans a 250K square-foot (sf) facility adjacent to the \$45.6M sortation center. Royal Oak Realty Trust acquired the 52K sf American Filtration Technologies building for \$5.625M, adding to its significant Monroe County portfolio. Kodak's new \$20M manufacturing facility at Eastman Business Park came online in early 2026, and Rochester's already prominent optics and photonics cluster continued expanding, with Sydor Optics advancing plans for a new 100K sf facility. Despite the appearance of a softening industrial market by the numbers, confidence remains strong in Rochester as an emerging industrial/logistics hub.

MARKET OVERVIEW: Significant Relocations Impact Q2 Absorption

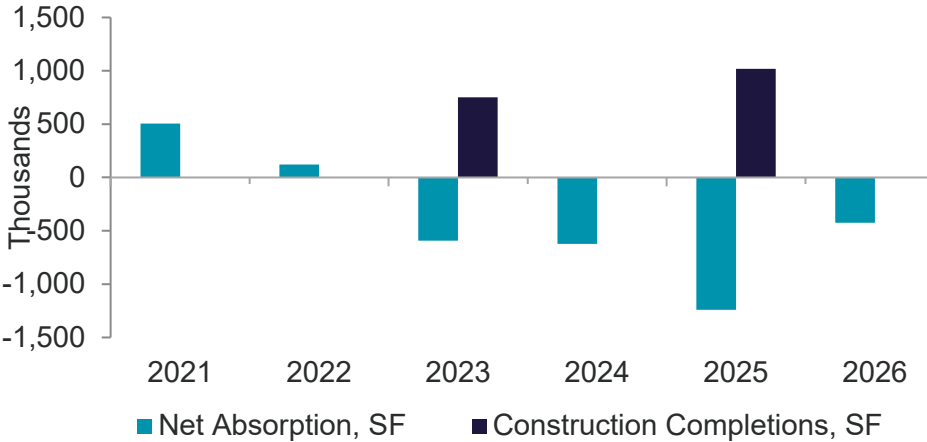
Significant relocations impacted absorption in the first half of 2026. Kink BMX downsized from a 90,000-sf facility to 50,000 sf, allowing them to maintain a more efficient operation. Sunnking relocated to the former Crosman Corporate Headquarters in neighboring Ontario County, accounting for roughly 200,000 sf of negative absorption. These moves helped drive overall year-to-date absorption to negative 424.7K sf and overall vacancy to 7.2%, up from 6.7% at year-end 2025.

Warehouse/distribution drove the decline, accounting for 304,090 sf of negative absorption at 5.6% vacancy. Manufacturing proved more stable, posting negative 137,311 sf while vacancy sits at 8.0%. City and Suburban markets continued to diverge, with City vacancy rising to 9.1%, compared to Suburban increasing to 6.1%. Modern industrial space remains in high demand, while select aging assets are increasingly being targeted for mixed-use redevelopment. Recent examples include 76-94 Anderson Avenue, 1000 Turk Hill Rd, and the Cascade District properties.

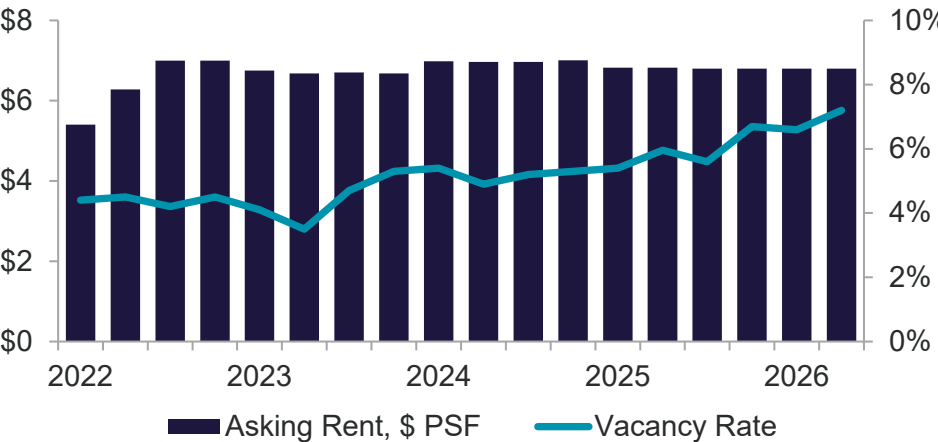
OUTLOOK: Strong Fundamentals Underpin a Softer First Half

Rochester's industrial fundamentals remain sound despite the first half's negative absorption, caused largely by specific relocations rather than demand weakness. Investment stayed active across both logistics and advanced manufacturing, anchored by Amazon's Ogden commitment, while owner-user and investor demand for functional, well-located assets persisted. Warehouse vacancy is expected to stabilize as vacated space is backfilled. Near-term performance will continue to vary by product type and location, with the strongest demand reserved for modern, functional space.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD USER SALES ACTIVITY (SF)	YTD INVESTOR SALES ACTIVITY(SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
SUBURBAN	56,289,340	6.1%	92,658	162,252	120,041	-	-	\$7.00	\$11.50	\$7.60
CITY	31,254,445	9.1%	168,510	103,162	75,499	-	-	\$5.50	\$9.50	\$6.00
ROCHESTER TOTALS	87,543,785	7.2%	261,168	265,414	195,040	-	-	\$6.25	\$11.00	\$7.25

*Rental rates reflect weighted net asking \$psf/year

CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	31,150,491	1,725,246	5.6%	-304,090	-292,203	-	-	\$7.25
Manufacturing	51,672,563	4,102,528	8.0%	-137,311	-33,530	-	-	\$6.25
Office Service / Flex	4,720,731	447,423	9.5%	-67,800	-99,001	-	-	\$11.00

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
39 Jetview Drive	Suburban	Undisclosed	52,778	Direct
700 Mile Crossing Blvd	Suburban	Undisclosed	15,649	Direct
78 Schuyler Baldwin Drive	Suburban	Undisclosed	9,943	Renewal
322 Blossom Road	Suburban	Undisclosed	9,786	Renewal
1260 Scottsville Road	Suburban	Undisclosed	6,876	Direct

KEY SALES TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE / \$ PSF
7629 Rt 5 and 20, East Bloomfield NY	Suburban	Sunnshine Enterprises/ Crosman	219,040	\$5,750,000 / \$26.25
1000 Turk Hill Rd, Fairport NY	Suburban	Canalside Commons/ Lake Erie Holdings	90,540	\$3,650,000 / \$40.31
435 Smith St, Rochester, NY	City	Smith Street Partners/ 435 Smith Street	64,141	\$10,032,500 / \$156.41
100 Thruway Park Dr, West Henrietta, NY	Suburban	Thruway Park Drive Roc NY/ AFT Properties	52,227	\$5,625,000 / \$107.70
665 Phillips Road, Webster NY	Suburban	PS Northeast/ Patriot Management	48,304	\$4,800,000 / \$103.51
10 Excel Drive, Rochester NY	City	NY NNN/ Excel Drive Properties	21,850	\$2,650,000 / \$121.28

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